



## Department of Energy

Washington, DC 20585

March 11, 2005

### MEMORANDUM FOR DISTRIBUTION

FROM:

*Helen O. Sherman*  
HELEN O. SHERMAN, DIRECTOR  
OFFICE OF FINANCIAL MANAGEMENT

SUBJECT:

POSTRETIREMENT BENEFITS OTHER THAN PENSIONS (PRB)  
FY 2005 INFORMATION REQUEST

The Department will continue to follow the requirements of Financial Accounting Standards Board (FASB), Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," of December 1990, for measuring and recognizing costs and liabilities associated with contractor PRB. The Department will use unfunded liability transactions to annually accrue the incremental PRB costs and liabilities (i.e., amounts required beyond "pay-as-you-go" requirements). In this regard, the requirements contained in the attached "Department of Energy Postretirement Benefit Plans, 2005 Fiscal Year Information Request," (information request) are applicable to any DOE contractor, whether or not a management and operating contractor, for which the Department has a continuing PRB obligation. Your submissions will be reviewed by Headquarters and used in the development of yearend accrual estimates, as well as consolidated Departmental disclosures in accordance with the requirements of FASB Statement No. 132 (revised 2003), "Employers' Disclosures about Pensions and Other Postretirement Benefits." **A copy of the information request should be forwarded to applicable contractors immediately to allow sufficient time to complete the required reporting schedules.**

The information request has been modified, in particular, to include additional instructions on determining the impact of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (the Act). Although most of the contractors have already included some impact of the Act in last year's estimates, additional instructions have been incorporated into the information request to reflect the final regulations issued on January 21, 2005, by the Centers for Medicare and Medicaid Services. Also, the required standardized assumptions have been reviewed and updated as needed (e.g., **medical trend rates have been adjusted; required discount rate selected is 5.75%**). In addition, the FY 2005 information request provides, as attachments, a copy of any FY 2004 individual contractor memoranda developed by Chet Andrzejewski of Aon Consulting, Inc. regarding any additional information requested as a result of the FY 2004 review process and applicable individual contractor disclosure sheets, "9/30/2004 Disclosure Information under FAS Statement No. 106." These disclosure sheets contain information necessary for the completion of the FY 2005 information request. For example, the amount on Line D.5, "9/30/2004 Total Accrued Postretirement Benefit Cost," of the attached disclosure sheet(s) must be used on Table A-1, Line A.1, "Accrued Postretirement Benefit Cost at 9/30/2004," of the information request.



As required in previous information requests, the PRB estimates must be developed by the contractors through the use of qualified actuarial support. Two (2) hard copies of the completed submissions should be forwarded to the Office of Financial Policy (ME-11) and one (1) hard copy to our Headquarters consulting actuary, Chet Andrzejewski, Aon Consulting, Inc., 111 Market Place, Baltimore, Maryland 21202, by June 20, 2005. A diskette containing the attached reporting schedules and standardized assumptions has also been attached. One completed copy of the diskette using the prescribed formats (**Microsoft Word 2000 and Microsoft Excel 2000**) must be included with each contractor submission to ME-11 and to Aon Consulting, Inc. Any significant deviation from the information request requirements must be justified in writing and submitted to ME-11 for concurrence prior to processing the valuations. **Please note that due to the accelerated schedule for audited Departmental financial statements, it is imperative that the completed submissions and any additional yearend information be provided to ME-11 and to our Headquarters consulting actuary on or before the due dates specified in the information request.**

Procedures established by the Energy Finance and Accounting Service Center (EFASC) shall be followed for recording PRB liabilities. (EFASC procedures for recording unfunded liabilities can be found at <http://www.cfo.doe.gov/efasc/frad/UnfundedLiabilities.pdf>.) It should also be noted that adjustments to the accrual estimates may be required as additional information becomes available by yearend (e.g., actual employer cash costs for the fiscal year and updated asset information, if applicable, required by August 24, 2005).

Please forward the name, phone number, fax number, and e-mail address of a point of contact to ME-11 by March 31, 2005. If you or your staff should have any questions concerning this memorandum, please contact Michael Lynch of my staff on (202) 586-6894.

#### Attachments

bcc:

M. Kane, NA-60

N. Miller, NE-10

C. Roy, FE-3

R. Delorenzo, SC-63

B. Heffernan, EM-31

D. Smith, EE-3B

S. Michelsen, ME-63

R. Loyd, ME-12

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OFP

Originator:ME-11:MLynch:3-2-05 G:PRB-05.wpd

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March 7, 2005